HOUSING MARKET INFORMATION

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CANADA MORTGAGE AND HOUSING CORPORATION

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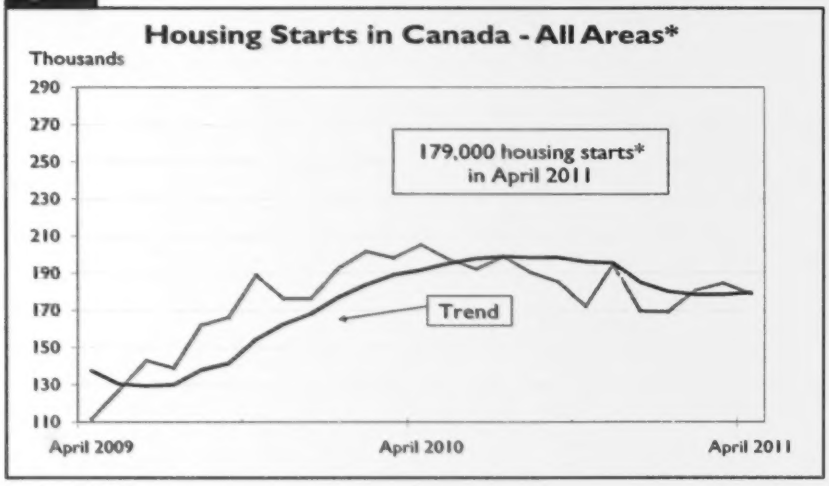
Canadian Market Overview

New Home Market

Housing starts edged down in April 2011

The seasonally adjusted annual rate[1] of housing starts was 179,000 units in April, down 3.1 per cent from 184,700 units in March. Housing starts moved lower in April mostly because of decreases in the construction of multiples and in rural starts. The multiple segment market in Ontario and Quebec contributed the most to the overall decline in Canada.

Figure 1



Source: CMHC

*Seasonally adjusted at annual rates

[1]All starts figures in this release, other than actual starts, are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Decrease in urban multiple starts is partly offset by an increase in single starts in April

The seasonally adjusted annual rate of urban[2] starts decreased by 1.9 per cent to 160,100 units in April compared to 163,200 units in March. Urban single starts edged up 3.4 per cent to 64,100 units, while urban multiple starts decreased 5.1 per cent to 96,000 units in April.

Change in Urban starts mixed across the regions

In April, the seasonally adjusted annual rate of urban starts decreased in Québec (-9.4 per cent) and in Ontario (-8.0 per cent). On the other hand, urban starts increased in British Columbia (23.5 per cent), in the Atlantic region (10. 4 per cent) and in the Prairie Region (5.3 per cent).

The seasonally adjusted annual rate of rural starts was 18,900 units in April compared to 21,500 units in March.

Actual starts down in April

In April, actual urban starts decreased 14.9 per cent compared to the same period in 2010. Actual urban single starts for April were down 27.0 per cent compared to a year earlier, while actual urban multiple starts edged lower 4.4 per cent in April compared to 2010.

Estimated actual starts in rural and urban areas combined decreased by an estimated 12.8 per cent in April compared to a year earlier.

New house prices are unchanged in March

The New Housing Price Index (NHPI) was unchanged in March following a 0.4 per cent advance in February.

In March 2011, new home prices increased in 14 out of 21 centres, compared to March 2010. The largest increases in the NHPI were in St. John's (6.2 per cent), followed by Regina (6.1 per cent) and Winnipeg (4.5 per cent). The centres that registered the declines in the NHPI were Windsor (-4.6 per cent), London (-1.7 per cent), Greater Sudbury and Thunder Bay (-1.3 per cent), Victoria (-1.2 per cent), St. Catharines-Niagara and Vancouver (-0.6 per cent), and Calgary (-0.1 per cent).

Existing Home Market

MLS®[3] sales down in April

The seasonally adjusted annual rate of MLS® (Multiple Listing Service®) sales was down 4.4 per cent to 438,768 units in April, compared to 459,156 units in March.

MLS® new listings edged up in April

The seasonally adjusted annual rate of MLS® new listings in April was 835,020, up 1.3 per cent from 824,604 in March.

The Sales-to-New-Listings ratio in balanced conditions

An indicator of price pressure in the existing home market is the sales-to-new-listings ratio[4]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new-listings ratio for Canada went back to balanced market conditions in April, at about 52.5 per cent. This compares to a sales-to-new-listings ratio of 55.7 per cent in March.

MLS® price decreases reflect current market conditions

The April seasonally adjusted average MLS® price in Canada decreased marginally to $367,625, compared to $369,484 in March. The unadjusted MLS® average price was up 8.0 per cent in April to $372,544 from $345,106 a year ago.

[2]Urban centres are defined as centres with a population of over 10,000. CMHC surveys urban centres 10,000-49,999 at the end of every quarter. Months which are not at the end of a quarter are thus estimates.

[3]Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association.

[4]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new- listings ratio is between these thresholds, the market is said to be balanced.

Economic conditions

According to Statistics Canada employment increased by 58,000 jobs in April following two months of little change. Compared to April 2010, total employment across Canada increased 1.7 per cent (283,000 jobs) in April.

The agency also reported that Canada's unemployment rate decreased by 0.1 percentage points to 7.6 per cent in April. Full-time employment edged up by 17,000 jobs in April, while part-time employment increased by 41,000 jobs. Over the past year, full-time employment increased by 256,000 net new jobs while part-time employment increased by 27,000 net new jobs.

Among the provinces, Ontario and Newfoundland and Labrador were the only provinces with notable employment gains in April, while Nova Scotia and Manitoba posted declines. Employment was little changed in the remaining provinces.

With respect to consumer prices, Statistics Canada reported that Consumer prices rose 3.3% in the 12 months to April. This advance follows a 3.3% increase in the 12 months to March. The overall increase in April was broad based, however, the largest gains were in energy prices.

On a seasonally adjusted monthly basis, consumer prices rose 0.3% from March to April.

The Bank of Canada's core inflation index[5] advanced 1.6% in the 12 months to April, following a 1.7% rise in March.

Meanwhile, shelter costs rose 2.3% in April, after increasing 2.4% in March. In addition to higher prices for fuel oil, electricity, and water, homeowners' replacement cost increased 2.6% in the 12 months to April 2011. On the other hand, mortgage interest cost, which measures the change in the interest portion of payments on outstanding mortgage debt, decreased 2.1% since April 2010.

On May 31, 2011, the Bank of Canada maintained its target for the overnight rate at 1.0 per cent, noting that the global economic recovery is moving along as expected. The last increase in interest rates occurred September 8, 2010 and amounted to 25 basis points. In its latest Monetary Policy Report (MPR), the Bank stated that although recent economic activity in Canada has been stronger than originally anticipated, the profile is largely consistent with the underlying dynamics outlined in its January's MPR Update.

The next interest rate announcement of the Governing Council of the Bank of Canada is scheduled to take place on July 19, 2011. The next Monetary Policy Report is scheduled to be released on July 20, 2011. ■

Figure 2

Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®

[5]Core inflation is defined as the 12-month rate of increase in the CPI excluding food, energy, and the effects of changes in indirect taxes.

This Month's Housing Data (SAAR)

Housing starts, units, 000s

	2010	Q3:10	Q4:10	Q1:11	M02:11	M03:11	M04:11
Canada. Total. All areas	**189.9**	**190.7**	**180.0**	**173.1**	**180.8**	**184.7**	**179.0**
Per cent change from previous period	27.4	-4.6	-5.6	-3.8	6.9	2.2	-3.1
Canada. Total. Rural areas	**23.8**	**23.3**	**23.0**	**18.3**	**17.6**	**21.5**	**18.9**
Per cent change from previous period	27.0	-11.7	-1.3	-20.4	-17.4	22.2	-12.1
Canada. Total. Urban areas	**166.2**	**167.4**	**157.0**	**154.8**	**163.2**	**163.2**	**160.1**
Per cent change from previous period	27.5	-3.5	-6.2	-1.4	10.4	0.0	-1.9
Canada. Single. Urban areas	**74.2**	**69.9**	**64.4**	**60.0**	**67.8**	**62.0**	**64.1**
Per cent change from previous period	22.7	-11.9	-7.9	-6.8	3.8	-8.6	3.4
Canada. Multiple. Urban areas	**91.9**	**97.5**	**92.6**	**94.8**	**95.4**	**101.2**	**96.0**
Per cent change from previous period	31.6	3.6	-5.0	2.4	15.6	6.1	-5.1
Newfoundland. Total. All areas	**3.6**	**3.3**	**3.2**	**3.7**	**3.0**	**4.2**	**2.3**
Per cent change from previous period	18.0	-21.4	-3.0	15.6	-36.2	40.0	-45.2
Prince Edward Island. Total. All areas	**0.8**	**0.7**	**0.9**	**0.9**	**0.5**	**0.6**	**0.7**
Per cent change from previous period	-13.8	-22.2	28.6	0.0	-61.5	20.0	16.7
Nova Scotia. Total. All areas	**4.3**	**4.6**	**3.9**	**4.1**	**4.3**	**3.2**	**3.9**
Per cent change from previous period	25.3	4.5	-15.2	5.1	-17.3	-25.6	21.9
New Brunswick. Total. All areas	**4.1**	**4.4**	**4.3**	**1.5**	**1.0**	**1.3**	**2.6**
Per cent change from previous period	16.5	22.2	-2.3	-65.1	-58.3	30.0	100.0
Quebec. Total. All areas	**51.4**	**50.2**	**47.9**	**46.8**	**42.9**	**50.4**	**44.9**
Per cent change from previous period	18.3	-7.0	-4.6	-2.3	-11.9	17.5	-10.9
Ontario. Total. All areas	**60.4**	**60.7**	**58.6**	**61.0**	**66.3**	**74.8**	**68.1**
Per cent change from previous period	20.0	-4.9	-3.5	4.1	29.7	12.8	-9.0
Manitoba. Total. All areas	**5.9**	**6.9**	**5.4**	**4.5**	**5.4**	**4.1**	**4.8**
Per cent change from previous period	41.1	19.0	-21.7	-16.7	50.0	-24.1	17.1
Saskatchewan. Total. All areas	**5.9**	**6.2**	**7.5**	**6.3**	**9.3**	**5.3**	**6.0**
Per cent change from previous period	52.8	21.6	21.0	-16.0	55.0	-43.0	13.2
Alberta. Total. All areas	**27.1**	**26.9**	**22.9**	**20.6**	**22.4**	**20.8**	**21.1**
Per cent change from previous period	33.5	-14.9	-14.9	-10.0	17.3	-7.1	1.4
British Columbia. Total. All areas	**26.5**	**26.8**	**25.4**	**23.7**	**25.7**	**20.0**	**24.6**
Per cent change from previous period	64.7	1.5	-5.2	-6.7	-4.8	-22.2	23.0

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2010	Q3:10	Q4:10	Q1:11	M02:11	M03:11	M04:11
Canada. Total. Urban areas	166.2	167.4	157.0	154.8	163.2	163.2	160.1
Newfoundland. Total. Urban areas	2.2	2.0	2.2	2.3	1.9	2.8	1.4
Prince Edward Island. Total. Urban areas	0.6	0.5	0.7	0.6	0.4	0.4	0.6
Nova Scotia. Total. Urban areas	3.5	3.9	3.2	3.4	3.3	2.7	3.3
New Brunswick. Total. Urban areas	3.0	3.2	2.8	1.0	0.6	0.8	2.1
Quebec. Total. Urban areas	43.5	41.7	41.0	39.7	37.4	40.6	36.8
Ontario. Total. Urban areas	57.1	57.5	54.9	58.2	63.4	71.3	65.6
Manitoba. Total. Urban areas	4.0	5.2	3.4	3.1	4.1	2.9	3.4
Saskatchewan. Total. Urban areas	4.6	5.0	5.5	5.3	7.6	4.2	5.1
Alberta. Total. Urban areas	24.1	24.7	20.1	19.3	20.9	19.2	19.2
British Columbia. Total. Urban areas	23.6	23.7	23.2	21.9	23.6	18.3	22.6

* Thousands of units, quarterly and monthly data are seasonally adjusted and annualized.

This Month's Major Housing Indicators

	2010	Q3:10	Q4:10	Q1:11	M02:11	M03:11	M04:11
New Housing							
New & unoccupied singles & semis, units 000s	5.3	5.0	5.6	5.9	5.9	5.8	5.7
Per cent change from same period previous year	-28.4	-25.9	-1.8	11.1	11.6	10.9	6.2
New & unoccupied row & apartments, units 000s	13.6	13.7	13.7	13.6	13.7	12.9	12.6
Per cent change from same period previous year	11.1	6.5	6.6	0.6	0.7	-2.0	-6.3
New House Price Index, 2007=100	103.2	103.4	103.8	n.a.	104.6	104.6	n.a.
Per cent change from same period previous year	2.2	2.8	2.2	n.a.	2.1	1.9	n.a.
Existing Housing							
MLS® resales*, units 000s	447.0	397.9	446.8	466.9	464.1	459.2	438.8
Per cent change from same period previous year	-3.9	-23.5	-15.9	-6.8	-5.9	-8.8	-9.4
MLS® average resale price, 000s**	339.0	332.0	342.4	365.6	368.6	369.5	367.6
Per cent change from same period previous year	5.8	0.3	1.2	7.2	8.0	8.1	6.6
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	3.49	3.37	3.30	3.45	3.50	3.50	3.70
Posted 5-Year Mortgage Rate, % (period average)	5.61	5.52	5.31	5.32	5.44	5.34	5.69

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available.

* Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Monthly and quarterly data is seasonally adjusted.

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